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Final Fiscal Note

Drafting Number: LLS 22-0566
Prime Sponsors: Sen. Rankin
Rep. McKean

Date: May 31, 2022
Bill Status: Postponed Indefinitely
Fiscal Analyst: Christina Van Winkle | 303-866-6289
Christina.VanWinkle@state.co.us

Bill Topic: **ALTERNATIVE ENERGY SOURCES**

- Summary of Fiscal Impact:**
- State Revenue
 - State Expenditure
 - State Transfer
 - TABOR Refund
 - Local Government
 - Statutory Public Entity

The bill would have required the Office of Economic Development to study the feasibility of using small modular nuclear reactors as a carbon-free energy source for the state and directed the General Assembly to appropriate \$500,000 for the study. It also would have narrowed the definition of recycled energy as it relates to pumped hydroelectricity. The bill would have increased state expenditures in FY 2022-23 only.

Appropriation Summary: For FY 2022-23, the bill would have required an appropriation of \$500,000 to the Office of Economic Development.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under SB 22-073

| | | Budget Year FY 2022-23 | Out Year FY 2023-24 |
|-----------------------------|----------------------|-----------------------------------|--------------------------------|
| Revenue | | - | - |
| Expenditures | General Fund | \$500,000 | - |
| Transfers | | - | - |
| Other Budget Impacts | General Fund Reserve | \$75,000 | - |

Summary of Legislation

The bill requires the Office of Economic Development (office) to study the feasibility of using small modular nuclear reactors as a carbon-free energy source for the state. The study must consider the policies, economics, safety, reliability, and environmental impacts of the use of small nuclear reactors as outlined in the bill. The bill requires the General Assembly to appropriate \$500,000 from the General Fund for the study. By July 1, 2024, the office must provide a written report of the findings and recommendations to relevant legislative committees, including recommendations for administrative or legislative action to promote their use.

The bill also amends the definition of recycled energy to include only pumped hydroelectricity generation with a nameplate capacity of not more than 400 megawatts.

Background

Under Colorado's renewable energy standards, qualifying retail utilities must generate or cause to be generated 30 percent of its retail electricity from eligible energy resources in years 2020 and thereafter. Eligible energy resources include recycled energy, renewable energy resources, and renewable energy storage. Recycled energy includes pumped hydroelectricity generation that does not combust fossil fuel to pump water, is not located on a natural waterway, includes measures to prevent fish mortality in the facility, does not impact any decreed in-stream flow, and does not cause any violation of state water quality standards when operated.

Under current law, recycled energy is limited to generation units with a nameplate capacity of no more than 15 megawatts. This bill expands eligible recycled energy for pumped hydroelectricity generation to not more than 400 megawatts.

State Expenditures

In FY 2022-23, the bill increases state expenditures from the General Fund by \$500,000 in the Office of Economic Development to develop and solicit a request for proposals, contract for the feasibility study, and monitor the contract. The office estimates that between 80-120 hours of staff time is required per solicitation. This fiscal note assumes the workload is absorbable.

The bill also requires minor rulemaking that will increase workload in the Department of Regulatory Agencies, which can be accommodated within existing appropriations.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by \$75,000 in FY 2022-23, which will decrease the amount of General Fund available for other purposes.

Effective Date

This bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on February 17, 2022.

State Appropriations

In FY 2022-23, the bill would have required an appropriation of \$500,000 from the General Fund to the Office of Economic Development.

State and Local Government Contacts

Office of Economic Development and International Trade
Information Technology

Law
Regulatory Agencies